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C O N F I D E N T I A L SECTION 01 OF 03 DOHA 000285

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SUBJECT: INTERNATIONAL COMPANIES ON QATAR'S ENERGY SECURITY

Classified By: Ambassador Chase Untermeyer, Reasons, 1.4 (b) and (d)

11. (C) Summary. Security officials from ExxonMobil, ConocoPhillips, and KBR operations in Qatar told Emboffs of their current security measures and future plans. The companies do not have direct influence on the security of the plants they are invested in but some hope to change this in the future. They have little interaction with each other, and communication between the companies and QP is lacking. These American companies are reassured by the U.S. military presence in Qatar and the region, which they view as a back-up guarantor of their security.

EXXONMOBIL

12. (SBU) On February 20 Econoff met with ExxonMobil's Qatar Security Coordinator, Wes Tibbitts, to discuss ExxonMobil's experience in protecting their installations at Ras Laffan. ExxonMobil is Qatar's largest international energy partner with a 10% stake in QatarGas, 30% stake in RasGas, and is a major producer for Qatar's domestic market. They have invested over USD 10 billion into Qatar's gas industry, and Qatar is a significant component in their future business plans. While ExxonMobil is part-owner of RasGas and QatarGas, it does not directly oversee security management for those companies. ExxonMobil has more control over RasGas's operations because it is the sole international partner. As other companies are involved with QatarGas, ExxonMobil's role is more limited and its managers do not like to engage as much due to intellectual property concerns.

13. (SBU) In Ras Laffan, QatarGas and RasGas are considered end-users. Each end-user is only responsible for security around the boundary of its property. In addition to RasGas and QatarGas, OryxGTL, Shell, and the Dolphin project also operate within Ras Laffan. RasGas and QatarGas protect their properties with guards who control access and technical security which includes closed-circuit televisions and bomb resistant windows. Ras Laffan City (RLC) security is responsible for the perimeter of the entire area, and the Qatari Coast Guard is responsible for protecting the seaside of Ras Laffan.

14. (C) Qatar Petroleum and RLC have a "parent-child" relationship in which Ras Laffan officials try to exert their independence from QP on security issues while QP restrains these efforts because it does not want to cede control to the industrial cities. Tibbitts told Econoff that an outside consulting firm undertook a study of Qatar's energy security framework and recommended that a new Director of Security position be created to oversee all of Qatar's industrial cities including Ras Laffan, Mesaieed, and Dukhan and communicate with the government. While the study was

conducted months ago, ExxonMobil is still awaiting guidance on the new structure. Tibbits said that recent rumors suggest that the position will be in the government. Either way, ExxonMobil wants a line of authority on security issues.

15. (C) On a random basis and sometimes in response to an elevation in the threat level, the Qatari military rotates in to RLC to guard the entrance. One can tell that the threat level is raised by how thoroughly the car is searched. RLC security officials appear to have no say in the military presence. In addition, the Qatari police are present just before the entrance to RLC; they are the only consistent security force that is armed. The Qatari police and military have undertaken joint exercises in the past for but do not appear to have a robust working relationship.

16. (C) ExxonMobil says that overall they are satisfied with the security posture at RLC, but Tibbits wonders how Qatar is able to keep a lower threat level when Saudi Arabia is just next door. Tibbits has limited insight into the government's counterterrorism work but surmises that the government must have some way to keep terrorists out of the country and as a result wants to downplay security to give an impression that they already have things under control. Not knowing the inner workings of the Qatari security organizations, ExxonMobil is reassured by the large U.S. military presence in Qatar and the wider region. Tibbits told Econoff that they are confident that should an incident happen, the U.S. military would be able to assist.

CONOCOPHILLIPS

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17. (SBU) Emboffs on February 26 met ConocoPhillips's new Regional Security Director, Walied Shater, a former U.S. Secret Service officer. ConocoPhillips has a 30% stake in

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QatarGas 3 which will eventually supply the U.S. market with 1.4 billion cubic feet per day of natural gas. As a new resident of Doha and employee of ConocoPhillips, Shater hopes to bring some new and more stringent security measures to the company's operations and help standardize measures across Qatar's international energy companies. There are currently no common security guidelines across energy companies and facilities and infrequent communication between all the interested parties. By meeting quarterly, Shater expects that all of the companies will be able to share best practices and help each other. While he has not visited RLC yet, he has heard both RLC and QatarGas security criticized significantly for shortcomings.

18. (SBU) Currently QatarGas is the main security authority in QatarGas 3. Shater aims to start improving security internally first then expand out to work with QatarGas and eventually security personnel at RLC. While not wanting to be a "bull in a china shop," there is an expectation that security standards will greatly improve at QatarGas 3. The guard force will be trained by Shater himself on methods to protect ConocoPhillips's interests. There will also be a strong emphasis on raising awareness just to keep the guards alert to potential vulnerabilities and irregularities. As a newcomer to Qatar, Shater is surprised at the lack of security. This gives an impression that nothing is being done to prevent an attack before it is in motion. Shater feels that it is only a matter of time before another attack happens in the region and it is unlikely that the attack will be thwarted once it has begun.

19. (SBU) ConocoPhillips efforts are focused on preventing land-based attacks though they recognize that water borne attacks are a vulnerability. This is an area that they would like to work on, but they say that most of the international

community does not have experience in guarding against offshore attacks. Shater is surprised by the lack of surveillance used in the region. ConocoPhillips primarily plans to use surveillance to protect its interests because it is the best and cheapest way to stop terrorism. The company will also focus on installing more hardened barriers around its facilities to build multiple layers of security.

KBR

¶10. (SBU) Econoff on February 28 met with Kellogg Brown and Root's (KBR) country security manager, Gary Dawson. KBR is managing the construction of Shell's Pearl gas-to-liquids plant along with Japanese firm JGC. The plant is estimated to cost USD 12 billion and will produce 140,000 barrels per day of synthetic fuels and base oils. KBR is experiencing a number of internal issues that prevent implementation of ideal security plans, but the major issue is combating the mindset that "Qatar is a safe country." As a result there is focus on raising awareness of the vulnerabilities the GTL plant could face once completed.

¶11. (C) The Pearl plant is facing serious cost overruns because the original estimates only included the bare minimum of Ras Laffan City operating requirements and underestimated the amount of labor needed to build the plant. The security budget was woefully underestimated with no allocations even for guards. KBR came on to the project after this initial estimate and has worked hard to get approval for a seven-man guard force, closed-circuit television, and blast film for windows. All expenditures over USD 500 have to go through Shell's offices in London and The Hague which further impedes the progress of setting up security measures.

¶12. (C) The protection of the Pearl Plant is complicated because within the one plant there are 10 independent contractors. KBR has authority over all of the contractors and is in charge of security around the plant's perimeter, but each contractor is responsible for protecting its specific area. The independent contractors do not want to take on the mandates of KBR because they do not want to increase costs and do not see the utility in implementing higher security measures.

¶13. (C) Despite these vulnerabilities, Dawson is most concerned about an onshore, internal altercation threatening the plant's security. Pearl is expected to have about 4500 laborers working at the site, and there are concerns that workers will have issues working and living with each other

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in what might be difficult living conditions. According to KBR, there are problems mixing workers of different nationalities in the camps, and they are worried that a problem at the camps could spill over into the work area. To preempt this, they are aiming to provide laborers with entertainment outlets such as outdoor sports and internet cafes in addition to proper housing. The goal is to keep laborers busy and content during their free time.

¶14. (C) Dawson opined that RLC security regulations were issued just to cover RLC management should anything happen and are not what the end-users really need. RLC does not provide specific guidelines to end-users resulting in a range of security measures across the industrial city. Dawson claimed that the only specific guideline was for the number of Qataris needed in the security workforce and even that was unachievable. The end-users also do not interact with the Qatari government; RLC officials are the interface with the Qatari security forces. Overall RLC is trying to improve its security measures, and Dawson thinks they are moving in the right direction but has a long way to go.

¶15. (C) ExxonMobil appears highly dependent on the U.S. Embassy as a source of information on security conditions and regards the U.S. military as source of protection. This seems to be the underlying reason (in addition to their financial interests) why they are comfortable working in Ras Laffan despite the limited security measures. For a major investor in Qatar's gas sector, they are surprisingly excluded from decision-making on security issues. ConocoPhillips, on the other hand, seems more proactive in guarding their assets; this is probably a function of the ambitions of the new director but might also be because their product's ultimate destination will be the U.S. It could be difficult for ConocoPhillips to become more active on security matter if the Qataris are used to the international companies staying in the back seat. KBR's vantage point from the beginning stages of plant construction gives insight into how the plants end up lightly secured. However, KBR's difficulties may not be industry-wide as they have a unique contracting situation which confuses lines of authority. The labor population threat is an issue that could cripple this industry and Qatar because of the country's dependence on cheap foreign labor in large numbers. This also is an issue the Qataris seem slow to resolve indicating that threats to energy facilities will be a problem they will face for the foreseeable future.

¶16. (C) The Qataris have worked hard to build an image as a safe country in which to live, visit, and invest. But energy infrastructure security plans and procedures are undeveloped and uncoordinated and have not kept pace with the level of development or the regional threat level. To the extent that the USG chooses to engage on this topic, it will face the problem of balancing Qatar's need to maintain a safe and secure image with promoting the idea that things need to change.

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